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# **E-Commerce Impact on Moving Freight**

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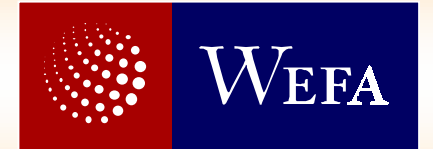
# WEFA Forecast Overview



## ■ GDP and Component Growth - History and Forecast

• GDP	6.1%	5.1%
• Consumer Spending		7.0%
4.9%		
• Consumer Durables		8.6%
5.2%		
• Consumer Non-Durables	6.9%	4.1%
• Consumer Services		6.7%
5.3%		
• Residential Construction	9.2%	2.9%
• Business Fixed Investment	9.7%	4.9%
• Equipment & Software	11.1%	6.5%
• Structures	6.0%	2.5%

# Size of E-Commerce Market



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- US E-Commerce will surpass \$2 trillion in 2003
- In perspective: This will amount to about 10% of total US economic activity of \$21 trillion
- B-to-B E-commerce will account for nearly 90% of this value
- In perspective: consumer spending of \$200 billion will correspond to retail sales of \$3.2 trillion

# B-to-B E-Commerce will Dominate Consumer



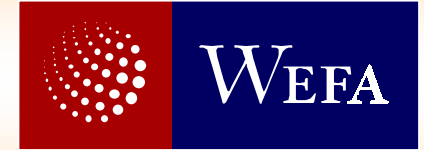
- Average size of transaction
- Pace of adoption
- Types of e-commerce sites
- High cost of shipping to consumers
- Product differentiation
- Tactile response

# E-Commerce Adoption - Size

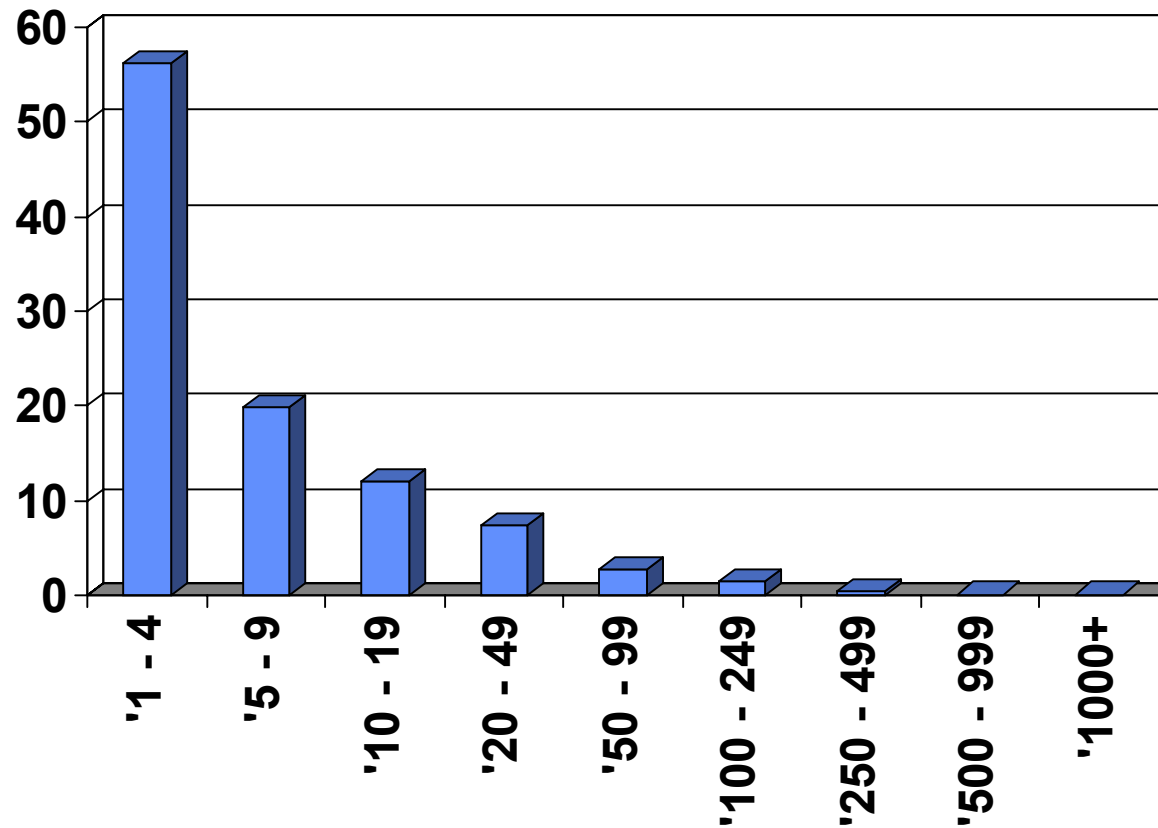


- **Adoption varies by size**
  - ◆ 40% of medium/large establishments currently engage in e-commerce
  - ◆ 10% of small establishments are so engaged
- **By 2003, this differential will diminish with nearly 90% of medium/large establishments and 80% of small establishments involved in some degree of e-commerce**

# Establishment Distribution by Employment



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# B-to-B E-Commerce Usage by Industry



## ■ Expected Industry Shares by 2003

• Services	21.6%
• Durable Manufacturing	15.2%
• Govt & Education	13.5%
• Non-Durable Mfg	12.7%
• FIRE	11.3%
• Retail Trade	9.1%
• Trans, Comm, Utilities	7.7%
• Wholesale Trade	4.7%
• Construction, Ag & Mining	4.2%

# Impacts on Freight Transportation

- **Consumer delivery inefficiencies suggest increased use of delivery services**
  - ◆ Net new purchases from sites such as online auctions
  - ◆ Delivery to homes instead of stores for books, groceries and other items
  - ◆ Increased use of expedited delivery services
- **Business issues**
  - ◆ Delivery directly to end-user bypassing wholesalers
  - ◆ Change in mode of shipment
  - ◆ Need for new warehousing operations



# Limiting Considerations on Freight Transportation



- Increased use of digital delivery
- Many e-commerce items do not require delivery, e.g. travel services, financial services
- E-commerce as substitute for purchasing/payment mechanism only